

APR 1978

DIA, OSD and DOS review(s) completed.

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## GENERAL

1. Soviets demand immediate closing of US Naval offices--Soviet authorities have informed US Naval Attaché Maples in Moscow that unless the US closes its Naval Attaché branch offices in Odessa, Archangel, and Vladivostok within three days, local Soviet authorities will be ordered to "stop the work of the Assistant Naval Attachés and send them to Moscow." (The Foreign Relations Office of the Soviet Armed Forces requested on 17 July that the offices be closed -- see Daily Summary of 18 July, item 1.) The US Charge in Moscow concurs with Maples in urging the immediate recall of the US officers, and suggests that the US may wish to undertake prompt retaliatory action by expediting the dissolution of the Soviet Purchasing Commission in the US.
2. Turkish Ambassador to USSR fears "direct action" by Soviet--The Turkish Ambassador to the USSR has told US Ambassador Wilson in Ankara that he believes that the report of Zhukov's assignment to Odessa, if true, indicates a possible Soviet preparation for a "military adventure," rather than a "purge" of Zhukov, whom he regards as "Stalin's man and a staunch Party member." The Ambassador pointed out that a strong group among the Soviet leaders favors direct action when "further profits by diplomatic methods" appear unlikely. He believes that the first move in such action would be against Turkey.  
US Military Attaché Ankara has been reliably informed that the Turks plan to start immediately to implement a plan, developed with British advice, for heavy fortification of the Bosphorus-Dardanelles area for a "last-ditch stand." The Attaché adds that the plan will, however, require many months and much labor and equipment.
3. British favor US "foothold" in Iceland--US Charge Gallman has been told by the British Under Secretary for Foreign Affairs that the British Government regards Iceland as very important from a strategic point of view, but can do nothing about it. The British hope the US gets everything it wants in Iceland and consider such a foothold to be advantageous to them if they become involved in war.
4. US Government material reported found in Jewish Agency files--Acheson has requested US Consul Jerusalem for corroboration of a War Department report that the British found "important US Government material" among the Jewish Agency files recently seized in Palestine.

Document No. 051

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5. Chinese occupation force for Japan delayed--Acheson has informed Embassy Nanking that Chinese participation in the occupation of Japan is being delayed by (a) SCAP's refusal to approve the move until problems of organization and logistic support are settled, and (b) US unwillingness to provide shipping from Haiphong to Shanghai for the designated Chinese division. (The French urgently desire US aid in removing this division from Indochina.) The US opposes employment of US ships in view of the amount of shipping already turned over to China and the "possibly unfortunate effect" on General Marshall's mission.

EUROPE-AFRICA

6. GREAT BRITAIN: Bevin opposes Spanish Monarchy--US Charge Gallman has been informed by a Foreign Office official that Bevin personally opposes the restoration of the Spanish Monarchy "in any form" and the initiation of any action against Franco that might look like external pressure.
7. PORTUGAL: Revolt possible within two weeks--US Military Attaché Lisbon was informed on 31 July by a member of the Portuguese Opposition that a revolt will "possibly" take place within two weeks, if opposition groups can achieve the necessary coordination. The Attaché also has been told that the police began to apprehend opposition leaders on 30 July.
8. CZECHOSLOVAKIA: Communists for army purge--US Military Attaché Prague reports that Communists are pressing for an army purge to eliminate conservative elements and older officers, and for the abolition of existing educational requirements for a commission.
9. IRAN: Schwarzkopf promotion strengthens gendarmerie--US Ambassador Allen reports that Schwarzkopf's recent promotion to Brigadier General and Qavam's request for a two-year extension of the gendarmerie mission have greatly encouraged the "patriotic element" in Iran and have completely reversed the unfriendly attitude toward the mission among Iranian military and civilians. Allen states that until recently most Iranians had regarded the mission as "doomed" and had been making plans which assumed its early departure.

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Shah anxious US accept oil concession in south--The Shah has lodged with Allen a "strong plea" for the US to accept an oil concession in southern Iran to offset the Soviet concession in the north. Allen remarks that Qavam, rather than the Shah, would be the key figure in any such negotiations and that any present US expression of interest in an oil concession would weaken Qavam's hand vis-a-vis the USSR. Allen feels, however, that the US should plan to negotiate with Iran with a view to US acquisition "at an appropriate time" of this "possibly last remaining good oil area in this part of the world."

FAR EAST

10. N.E.I.: Van Mook believes Indonesians weakening--According to US Consul General Batavia, Van Mook believes that the "Indonesian Republic" in Java is now falling apart and cites the fact that units of the Indonesian National Army are surrendering to the Dutch in increasing numbers. Van Mook asserts that he will negotiate with the Indonesians at any time but feels that under the dictatorial Soekarno regime Sjahrir has no authority.
11. INDIA: Possibility of direct action against British--According to US Military Observer New Delhi, informed Indians feel that the recent Muslim League rejection of the British long-term plan has strengthened the demands of the Congress Socialists for direct action. The present high command of the Congress does not favor direct action but may succumb to Socialist pressure if the Viceroy does not allow Congress to form an interim government. In that event the League and Congress may form a united front against the British.

THE AMERICAS

12. ARGENTINA: Peron's views on Bolivian recognition--Peron has told Messersmith that Argentina would be prepared to recognize the new Bolivian government after consultations among the American Republics.  
Sale of Victory Ships advocated--US Ambassador Messersmith recommends that two Victory Ships now in Buenos Aires awaiting cargo be sold to the Dodero shipping interests of Argentina. The Dodero

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interests are offering payment with funds from the liquidation of enemy property made available to them by the Argentine Government to replace ships lost during the war. Messersmith believes that US approval would create good will toward the US and assist the Argentine Government in pressing its program for the liquidation of enemy property.

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